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25 February 1952

**MEMORANDUM FOR:** The Director of Central Intelligence

**SUBJECT:** Intelligence Value of the Maintenance of  
U. S. Missions in Poland, Czechoslovakia,  
Hungary, and Rumania

1. It is recommended that you sign the attached memorandum to the Secretary of State which has been concurred in by the IAC.

2. There has also been prepared (for DD/I signature) a memorandum transmitting to [ ] for briefing the Secretary specific illustrations of the value of reporting from this area and a memorandum prepared by OSO on the value of mission to OSO.

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3. DD/P and DD/I concur in both of these.

**NOTE:** While the State Department and Service Agencies as well as CIA participated in the preparation of the specific illustrations of TAB A to the [ ] memorandum OCI made an especially helpful contribution and much of this material was prepared by OCI.

STAT

**JAMES Q. BAKER**  
Assistant Director  
Intelligence Coordination

DIA and DOS review(s) completed.

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4. The information gathered and reported by U. S. missions in these countries is of considerable importance to the national security of the U. S., since it helps to shed light on the intentions of the Soviet Union. This intelligence is also required for U. S. psychological warfare operations and for judging the effect of certain U. S. policies.

6. And finally, there is real value in maintaining these missions in that they provide first-hand experience for U. S. personnel within the Soviet Orbit which will be useful upon their return to Washington.

SIGNED:

WALTER B. SMITH  
Director

JQR/mpb  
OIC-22 February 52

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FEB 27 1952

**MEMORANDUM FOR:** Special Assistant, Intelligence  
Department of State

**SUBJECT:** Background Material Relating to the Intelligence  
Value of the Maintenance of U. S. Missions in  
Poland, Czechoslovakia, Hungary, and Rumania

1. The memorandum on the intelligence value of the U. S. missions in Satellite countries, as considered in by the IAC on Thursday, 21 February, has been transmitted to the Secretary of State as agreed.

2. Attached hereto as background material for the use of the Secretary there is attached (TAB A) a compilation of specific illustrations of the value of reporting from these missions prepared jointly by the intelligence agencies. It is assumed that if the examples are used in discussion with the Senators or Congressmen they will be sanitized to avoid disclosure of sensitive information.

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SIGNED

LOFTUS E. HENRICH  
Deputy Director/Intelligence

JGR/mpb  
OIC-25 February 52

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EXAMPLES OF SIGNIFICANT INFORMATION  
FROM U.S. MEMORIES IN SATELLITE COUNTRIES

I. POLAND

A. Military

1. The Navy has been able to determine through the efforts of the Naval Attache, Poland, that a significant Polish merchant marine exists, that Polish shipbuilding has been accelerated to provide for this merchant navy and that this merchant fleet is, in fact, the principal international carrier for the Cominform countries.

2. Poland is crossed by the main LOC from the USSR to Germany; similarly, Rumania and Hungary by the LOC to Austria. Thereby, these countries are important watch points for observing possible major reinforcement or supply building endeavors of Soviet forces in Germany and Austria. These activities might be principal indications of Soviet intentions to initiate hostilities.

3. On 21 January 1952, the USMA in Warsaw reported that during a recent field trip, he had observed what appeared to be a major highway improvement project along one of Poland's most important highways. This information would not have been reported on a current basis, if reported at all, if the US Military Attache had not been on the spot and actually observed the improvement.

4. On 14 December 1951, the US Embassy in Warsaw reported the arrival at the Headquarters of the Soviet Northern Group of Forces in Legnica Poland of Soviet Army women. This report was based upon personal observation and indicated that a trend which had been observed in some of the other Satellites had then spread to Poland. Without the Embassy's ability to observe, this development would have gone unreported, or been considerably delayed if reported at all.

5. The installation of anti-aircraft artillery around Warsaw, as well as the implementation of plans for training the Polish population in civil defense against air attacks on Poland, would not be firmly known if the US Embassy was not in Poland. There had been reports of these developments from sources of varying reliability. The presence of the Embassy in Warsaw enabled confirmation of these developments to be obtained.

6. Modernization of the equipment of the Polish Air Force was under way during the entire year 1951. Observations by US Attaches reveal that during the winter of 1950-51, all Polish Fighter Regiments were moved to fields with concrete runways suitable

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for sustained jet operations. The First Fighter Regiment, at Bornow Airfield, received YAK-type jet aircraft at the beginning of the year. Since then, two other regiments have received Soviet jets.

B. Political

7. During the past summer information concerning the growing food shortages in Poland would have been unattainable except for the fact that the Embassy was on the scene to report. The Polish Government gave no publicity to the shortages. The same is true of the rationing regulations promulgated late last summer and early this fall. Little publicity was accorded these regulations and they would undoubtedly have remained unknown for some time if the US Embassy had not been on the scene to report that rationing was being instituted.

8. First hand reports on industrial strikes in Poland last summer and riots in Stettin against Russians were made by the Embassy. It is believed that this information would not have been received for a long time, and if eventually reported, would most likely have been discounted as a rumor, except for the fact that the Embassy was on hand and was able to check these reports for veracity, and in the case of the Stettin riot, there was a Western observer on hand.

9. Army Attache Warsaw reported in May 1951, from personal observation of Polish Army units marching on May Day, that Polish army personnel appeared to be better disciplined, better trained and of higher morale than had been previously thought. This was a political observation of first importance, and indicated (in a fashion that could not have occurred otherwise) the usefulness of direct first-hand-observation of Communist success in indoctrination and training the post-war generation.

10. Embassy officers in Warsaw, visiting the national harvest-bowl celebration at Poznan in September 1951, sent back important observations regarding the lack of attention paid by the people to the speeches of President Bierut, Marshal Rokossovsky and other high functionaries - giving an important clue to the Polish psychology under Communist rule, an indication that the adult generation still has little respect for the regime and its representatives.

11. Warsaw embassy officers attended the funeral of Cardinal Sapieha at Krakow in July 1951 and furnished the only information it received from any source, regarding the overwhelming pro-Church and (by implication) anti-regime demonstration given by some 250,000 people on that occasion.

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12. Embassy Warsaw in April 1951 was able to furnish on-the-spot data regarding popular reactions to Soviet control, in the case of the riot against a Soviet army officer in Szczecin. Similarly, in the summer of 1951, the embassy supplied information regarding the rumored shooting of Rokossovsky.

13. In one recent instance, it was only through the mission in Poland that it was learned that rationing, first introduced as a temporary expedient for meats and fats for a few favored workers, was extended to most of the population on an indefinite basis and included intermittently, other foods as well. Such information might have been picked up months later in scanning of press material, but by then it would have been very late, and might have been missed altogether.

14. By on-the-spot observation (including automobile trips for the specific purpose of checking), Embassy Warsaw has been able to correct systematic reports from West Germany of an influx of East German workers into Poland. Similarly it has been able to check rumors concerning large numbers of Chinese workers allegedly employed in Poland.

## II. CZECHOSLOVAKIA

### A. Military

1. Army Attache reported from first hand observation a heavy concentration of AA guns around Prague in November 1951 and the fact that their number had been substantially reduced by early 1952.

2. Although the efficiency of the Czech Army is considered much lower than that of other Satellites, reports from the Military Attache during and after the autumn of 1951 indicate considerable recent improvement in the quality of training. This has included evidence of much better organized and supervised small unit training than the Czechs had displayed previously.

3. It is through the observation of the Army Attache in Czechoslovakia that we have been able to determine the absence of Soviet troops in that country and through the Service Attaches that the number of Soviet Army, Air, and Naval units in the remaining three countries is as low as it is.

### B. Political

4. The arrest of William Oatis, AF correspondent in Praha, was ascertained first by the Praha Embassy in April 1951, so that the Department of State was able to take earlier action in his case than would otherwise have been possible. (The same factor of early intelligence was true in the cases of the jet fighter aircraft that came down in Czechoslovakia in May 1951, and the US C-47 transport plane forced down in Hungary in November 1951.)

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5. Embassy Praha has constantly coached the Department regarding the effects in Czechoslovakia of our treatment of escapees from that country, and regarding the best VOA means of exploiting the wave of defections. The Embassy gives similarly useful coaching on other developments of immediate interest to the local population, and its intelligence is regarded as extremely sensitive and accurate and a great aid to US psychological warfare.

6. A UP article, which appeared in the Washington Post on 11 December stated 15,000 persons had been arrested following the arrest of Slansky. The Embassy on the basis of first hand observation was able to deny this story.

### III. RUMANIA

#### A. Military

1. US Legation staff to confirm rumors of Banat evacuation last summer. Observed trainloads of evacuees going through Bucharest, which substantiated previous reports that such evacuations were in progress.

2. MA observed fifteen YAK-15 jets at Liberation Day parade in August, a definite US confirmation of previous reports of the presence of jets in Rumania.

3. MA confirmed the fact that in September the barracks occupied by the Tudor Vladimirescu armored division in Bucharest were "void of normal garrison," thus confirming that the Division had left such areas for maneuver areas.

4. US Charge and other Legation personnel traveled from the Danube to Black Sea Coast in August and September and saw two-thirds of construction site for Danube Black Sea Canal. Evidence of little mechanical equipment and much forced labor, etc. First seen observed by American personnel.

5. Although US representatives in Rumania can travel very little, even their observations within the city of Bucharest itself can be valuable. For example, Rumania's only armored division, believed to be the Army's best unit and probably one which would be used in any aggressive action, has its permanent barracks in Bucharest. This division was absent, presumably on summer maneuvers, after May 1951. It returned to the city for the military parade in August, then left again. It is now back in Bucharest.

6. It is also important to note that most of the information which has indicated a remarkable increase in anti-aircraft defenses around the capitals of the USSR and Satellites has come from first-hand observation by US personnel. This includes the identification of new, larger calibre guns around Moscow in the autumn of 1951.

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IV. HUNGARY

A. Military

1. A report that the Budapest railroad stations were being equipped with blue blackout lights was referred to Legation Budapest for comment. A spot investigation by a member of the staff quickly determined that the report was untrue and that it was probably based on the fact that in one station new illuminated track number indicators had been recently installed and some new fluorescent units had appeared in the waiting rooms.

2. Despite travel restrictions the Air Attache is able to keep under observation one of the largest airfields in Hungary since it is near Budapest. Hence he was able to report the arrival of Soviet bombers and jet planes last fall. This information was particularly useful in view of the fact that Soviet planes had been reported leaving Austria and Germany for unknown destinations.

3. Observations by US Army indicate that Hungarian Army has expanded more rapidly than any other Satellite Army during 1951. Induction of a new conscript class in early November 1951, without corresponding release of trained personnel, have resulted in an increase in estimated troop strength from a total of 100,000 to a total of 150,000.

B. Political

4. Legation Budapest learned from its own sources of the arrest by Hungarian security police of a former IME stringer in Budapest, probably presaging a trial and new attacks on Western missions and press representatives in Hungary.

5. With respect to the four US flyers recently released by the Hungarian Government, a week before the Tass despatch revealed the location of the missing US airforce plane, the Legation in Budapest reported that an informant had observed a US plane on Paps airfield. In view of the flood of similar reports emanating from Vienna and the Balkans at that time, the significance of this report was missed.

V. GENERAL

1. Price information: The missions in the Satellite countries are the best source of information on retail prices. Government official price lists, which are not usually sent out except at times of monetary revaluations, etc., are, in any case not reliable guides to changing situations on the free or black markets; observation is therefore the only source, and the observation received through classified intelligence sources, as through peripheral reports, is too fragmentary, and in some cases, untrustworthy, to be of use.

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2. Press translation services: These are particularly important for receiving timely economic information in those countries for which we do not have people on our staff who read the language (Hungary, Rumania). Even where we do have language specialists, we get the information from the mission weeks sooner than we could possibly get the paper, and months sooner than the Washington translation services would get around to it.

3. Public reactions: Another important function of missions in Satellite countries is direct observation of public reaction to economic measures, which is sometimes extremely misleading if gleaned only from such broadcasts and publications which reach our desks through other channels. Cases in point are: public reaction to food shortages in Poland, late summer and fall 1951; public reaction to bread and meat rationing in Hungary, spring 1951; price fluctuations following Rumanian currency revaluation and establishment of new price level in January-February 1952.

4. Press and periodicals: At present the Government is receiving (largely through the work of the missions) 65 newspapers and 13 periodicals from the four Satellite countries. This is in contrast to the receipt of four newspapers and three periodicals from Albania and 10 newspapers and four periodicals from Bulgaria where we do not have missions and must rely on friendly missions in those countries.

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